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FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 4598
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
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E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)
SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 06/18/07

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- (1) Total lifting of the ban on US beef imports so quickly? - Part 1: US becoming more aggressive, backed by OIE endorsement; Japan may flinch and respond to talks to ease import conditions

TOKYO SHIMBUN (Page 20) (Full)
June 18, 2007

By Takeshi Yamakawa

Seiyu started selling US beef in late March of this year. It is the

first leading supermarket chain to resume dealing with US beef. This reporter visited its Akabane outlet in Kita Ward, Tokyo, where its head office is located, several times.

I obtained various responses from shoppers whom I interviewed. A housewife (50), who bought domestically produced beef offered at a bargain price, said, "I only buy home-grown goods, whether it is beef or vegetables." Another customer (46), a part-time worker, said, "US beef? My resistance to US beef has disappeared. I am more concerned about food additives than BSE. I attach more importance to price than to country of origin." She put pork instead of beef in her basket after much wavering. Another shopper (56), also a part-time worker, picked Australian beef, saying, "I do not mind having US pork, but I still hesitate to eat US beef. I will perhaps eat it if everybody else eats it."

Sales of US beef appear to greatly differ depending on the area. However, as long as I have observed this Seiyu store, domestic beef appears to be selling more than US beef, though the allergic response to US beef has certainly weakened. I also had the impression that pork and chicken were selling better than beef. The poor showing of beef sales seems to be due to a slow recovery of demand for the product, which fell in the wake of the BSE problem, and to high prices.

Responses of supermarket chains and beef-bowl restaurants differ. Seiyu on June 1 increased the number of outlets that sell US beef from 52 to 158, covering all outlets in the Kanto region and part of the Tohoku region, as it sold better than the company had expected.

The Aeon Group remains cautious about selling US beef noting that although it has no particular concerns about the safety of US beef, it has yet to determine that consumers feel reassured about the

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safety of US beef. Aeon has its own ranch in Tasmania, Australia. Its sales of US beef, therefore, had been small -- 15% -- even before the import ban was placed on US beef, with Australian products at 35% and domestic products at 50%.

Ito-Yokado sold US beef at one outlet in Tokyo and another in Sendai in May as test marketing. It appears to have received a good response with one official noting, "Even though the prices were rather high, all the products sold out. We have received a report from our beef buyer who inspected production facilities in the US noting that they have improved in their quality checking system." However, he said, "We need to have several more test sales before we officially decide to sell it."

Among various beef-bowl restaurant, Yoshinoya D&C tends to be most affected by the fate of US beef. It started selling beef bowls using US beef from 11:00 a.m. through 24:00. Since it has become impossible to cover the necessary amount with US beef alone, it is now covering the shortage using Australian and Mexican beef, up to 30%. It intends to patiently wait for the total lifting of the import ban with one official noting, "The cost of purchasing US beef is now two to three times more than before. We highly hope that imports of US beef will normalize. However, we have stopped swinging between elation and desperation due to short-term developments."

Zensho, Yoshinoya's rival company, which runs Sukiya and Nakau, categorically said that it has no intention of purchasing US beef. It harshly criticized the situation in the US with one official saying, "The US beef policy has not changed at all whether it is feed-grain regulation, the removal of specified risk materials (SRM) and BSE inspection. It has refused to carry out full inspections probably because it is afraid of spotting BSE-infected cattle."

(2) 2007 Upper House election: LDP may face uphill battle even in conservative electoral districts -- Ishikawa, Saga

NIKKEI (Page 2) (Full)
June 15, 2007

Ichiro Ozawa, president of the major opposition Democratic Party of Japan (Minshuto) on June 12 arrived in Ishikawa Prefecture after

cutting short his business trip to the Kyushu region. Meeting reporters at a hotel in Kanazawa City, he told them: "Although our party may be behind in starting to campaign here, I will do everything I can to have our candidate win this electoral district in the upcoming Upper House election." Ozawa chose former House of Representatives member Yasuo Ichikawa as a Minshuto-authorized candidate for the single-seat constituency. Ichikawa was the last candidate to be chosen by the party to run in single-seat constituencies across the country.

Ishikawa Prefecture is former Prime Minister Yoshiro Mori's home turf and lawmakers elected from that prefecture are all ruling Liberal Democratic Party (LDP) members. A prevailing view there accordingly is that the LDP has an advantage in the upcoming Upper House election as well -- but things are not that simple.

Kanazawa City "opposed to Mori"

"Shinshin (New Frontier) Ishikawa" is a prefectural assembly group formed to back the late Keiwa Okuda, who left the LDP after a fierce battle with Mori under the multiple-seat constituency system. The reason why Minshuto delayed choosing its candidate is because it was

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looking for ways to team up with Shinshin Ishikawa, which has a solid political base in Kanazawa City. A former local public servant explained: "Voters in Kanagawa are not anti-LDP but anti-Mori."

Minshuto initially sought to back former Okuda's son, Ken, a former House of Representatives member, but this idea was aborted. Next, Shinshin Ishikawa moved to field Tetsuo Kutsukake, an incumbent House of Councilors member of the LDP who is at odds with Mori over when to retire. But meeting with a fierce objection from the LDP, Kutsukake was forced to declare he would give up running for the Upper House election. Shinshin Ishikawa Chairman Hiroshi Kanehara met with Ozawa and entrusted the selection of a candidate for the Upper House election entirely to Ozawa, telling him: "I'll work together to win the Upper House election." Kanehara promised Ozawa he would cooperate with him to unseat the LDP.

Meanwhile, former Prefectural Assembly member Tomiro Yata, whom the LDP has put on its ticket in this past January, is stepping up the efforts to ensure organized support by touring 70 companies and organizations in a day. Most municipality heads in the prefecture favor the LDP. On June 9, Yata attended a gathering of dieticians in Kanazawa City and declared, "I will do my best for the people of the prefecture."

Yata comes from Tsubata Town, adjacent to the northern part of Kanazawa City. On June 2, he set up an election headquarters of the (LDP) Kanazawa chapter and is busying himself putting into practice his strategy to win a victory in Kanazawa. Kutsukake has distanced himself from Yata, proclaiming he will focus his energies on backing his relative, who is to run as an LDP candidate for the proportional representation seat.

Candidates replaced

In the conservative constituency in the Kyushu region as well, the LDP is put in a shaky situation. In Saga Prefecture, the LDP replaced its authorized candidate, making the only case of replacement among the constituencies across the country.

Specifically, incumbent member of the House of Councilors Takao faced the trouble involving the bankrupt Saga Fire Mutual Aid Association on Commerce and Industry, in addition to criticism of his being old age as a candidate. Jinnai eventually refused to run as an LDP authorized candidate, and following that, on May 25, the LDP decided to field former Vice Gov. Yoshiyuki Kawakami. On June 11, Kawakami sought support at a gathering of supporters by telling them: "I have no time to lose before the election. I pin my hopes on your support." His staff is making desperate efforts to make his name known widely to construction companies and commerce and industrial organizations.

Minoru Kawasaki, who is on the Minshuto ticket for the Upper House

election, garnered some 20,000 votes in the previous election. "I have given public speeches here for three years, and I now need your support to work at the center of the political world," Kawasaki shouted at a crossroad of highways at the outskirts of Saga City. There were few pedestrians, but at times the driver of a vehicle waiting for a change of the signals shouted back: "Do you best!"

Until recently, Kawasaki's campaigning staff planned to garner as many votes critical of Jinnai as possible in urban areas, including Saga and Tosu, describing Jinnai as a potential enemy. But with the replacement of Jinnai, one member of Kawasaki's staff said, "Because

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of the replacement, we've found it rather difficult to fight." The staff already has mounted 4,000 posters throughout the prefecture in an effort to make Kawasaki's name widely known even in the mountainous areas. One aide to Kawasaki noted: "The question is how to destroy the LDP's bastion."

It was Prime Minister Shinzo Abe, president of the LDP, who insisted on the replacement of candidate. Abe is to arrive in Saga on June 16, but local residents are somewhat cool, with one person saying: "Jinnai was rejected unilaterally. If the LDP lost the seat, the party headquarters should be to be blamed."

(3) 2007 Upper House election (Part 4): Aftermath of controversial postal reform still lingers on

NIKKEI (Page 2) (Abridged)
June 16, 2007

Takao Fujii, an independent candidate, addressing a gathering in Gifu City on June 15, emphatically said: "There is a world of difference between wearing a Diet member's pin and not wearing one. Thank god, I will have another chance."

In the 2005 House of Representatives election, the controversial postal-privatization plan (of former Prime Minister Koizumi) directly hit Gifu. In District 1, anti-postal-privatization lawmaker Seiko Noda, running as an independent, faced off against LDP candidate Yukari Sato, while in District 4, the anti-postal privatization group's Fujii ran against the LDP candidate Kazuyoshi Kaneko. Fujii lost that race, but he now has decided to run in the upcoming Upper House race.

Noda camp vs. Sato group

Tsuyako Ono, the LDP incumbent, has announced that she would not run

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in the upcoming Upper House race in Gifu. Liberal Democratic Party Secretary General Hidenao Nakagawa has told Fujii that if he is

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elected, the LDP would let him to rejoin the party.

At the same time, the LDP Gifu chapter is still deeply divided between Noda and Sato supporters. This has forced Fujii to produce two types of posters: one showing him posing him with Noda, who has rejoined the LDP, and the other showing him with Sato.

The major opposition Minshuto (Democratic Party of Japan) is no better than the LDP when it comes to party unity. Some 30 party members in the Gifu chapter who were urging generational change left the party this January in protest against the party leaders' decision to endorse Kenji Hirata for a third term.

Although a senior prefectural chapter official said, "It will not impact negatively on the race," the Hirata camp has set up a pension-complaint box in front of the campaign office. The camp is apparently trying to win the hearts of unaffiliated voters.

The fallout of the postal privatization is being felt even more acutely in single-seat electoral districts in Oita.

The LDP's freshman candidate Yosuke Isozaki, attending a gathering

attended by Lower House lawmaker Masazumi Gotoda, made this pitch: "Although many candidates are running in this constituency, no one knows more about what's really happening in this prefecture than I do."

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The baseline number of votes projected by the Isozaki camp is 300,000, close to the win-lose borderline. Isozaki's chances of winning a seat will increase once 70,000 to 80,000 New Komeito votes are added. At the same time, however, the expected candidacy for a proportional representation seat by Seiichi Eto, a postal rebel who has been allowed to rejoin the LDP, is casting a shadow on Isozaki's bid.

Opposition camp also disunited

Coalition partners LDP and New Komeito originally envisaged campaign cooperation to support the former candidate in the electoral district and the latter candidate in the proportional representation segment. However, now that Eto is a candidate, the votes of LDP supporters might flow to him rather than to the New Komeito's candidate.

The situation is not necessarily advantageous to opposition parties, either. "I won't be able to win a seat without LDP and Social Democratic Party (SDP) votes," said Taiwa Yano, an independent candidate and a former Saiki City assemblyman backed by the Minshuto prefectural chapter. He was addressing a crowd of some 1,200 people on June 13.

Minshuto searched for ways to join forces with the Social Democratic Party (SDP), but that party decided to back physician Bunroku Matsumoto at an early stage. The SDP has thus "split" with the Minshuto Oita chapter, which was insistent on supporting Yano. With the Rengo (Japanese Trade Union Confederation) Oita chapter having decided to let its 60,000 members cast their votes independently, supporters for Minshuto and the SDP are also likely to split evenly.

The People's New Party lawmaker Hiroko Goto, a former postal rebel, has abruptly joined the Oita race, reversing her earlier decision to seek a proportional representation seat. "She will garner conservative votes that have nowhere to go by taking advantage of the splits between the LDP, New Komeito, and the SDP," a senior Goto camp official declared. Fierce competition is expected.

(4) 20 million voters in "lost generation" the greatest variable in Upper House election

ASAHI (Page 3) (Abridged)
June 13, 2007

Young people aged 25-35 have had a hard time of it as their postgraduate job-hunting season fell during the nation's prolonged economic slump. They are called the "lost generation." This April's local elections came out with a sharp increase in the numbers of candidates and winners from the lost generation, and a tide of new political participation from that generation came in sight. The next focus, however, is on how the lost generation will come out as voters in this July's election for the House of Councillors. The ruling Liberal Democratic Party is rattled by a sharp drop in the Abe cabinet's support rate, and the leading opposition Democratic Party of Japan (Minshuto) is now on the offensive. Both the LDP and the DPJ regard this lost generation as the final key to the upcoming Upper House election. Meanwhile, online networks like Yahoo! Japan and other organizations have set out to boost the turnout of voters in trying to show the political power of young people. There are 20 million voters in this lost generation. How they vote may become one

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of the greatest variables in the election.

With the government's fiasco over its loss of pension records, the

opposition camp now sees a way to drive Prime Minister Abe and his government into a corner. In 2005, Prime Minister Koizumi dissolved the House of Representatives for a general election over his initiative to privatize the nation's state-run postal services. At the time, the LDP won votes from young people and floating voters with no particular party affiliation to win the general election. This time, however, the key is which side will win their votes. "We've not necessarily seen an avalanche of the floating voters to either side yet," DPJ Secretary General Yukio Hatoyama said on June 13. He added, "Our challenge is how to win their votes."

Kan Suzuki, 43, a DPJ member currently seated in the House of Councillors, has a similar feeling as he is aiming for reelection in Tokyo. On June 10, there was a group of DPJ junior lawmakers gathered in front of the east exit of Shinjuku Station in Tokyo. They walked down the street with "Minshu-kun," the DPJ's new character created from the party's logo. In addition, the DPJ's youth bureau also prepared 700 banners with a friendly mark printed. The DPJ distributed those banners to its prospective candidates throughout the country for this summer's House of Councillors election. On the side of policies as well, Suzuki is attaching importance to pensions and also to labor issues, such as correcting wage gaps between full-time and part-time workers.

Another weapon for Suzuki is the Internet. On June 2, Suzuki became the first incumbent lawmaker to hold a town meeting on "Second Life," a virtual space on the Internet. "Let us increase scholarships to reduce the burden of educational spending," Suzuki said. There were only 134 participants in the online event. However, Suzuki felt something greater than the number from responses to his proposal of a new political campaign.

In the meantime, the LDP has also kicked off its campaign. On June 3, Prime Minister Abe went to the Hachiko statue in front of Shibuya Station in Tokyo. "Before talking about the abduction issue," Abe said there, "I'd like to talk about the pension issue, which is a matter of very high concern to the public."

This was one of the LDP's street campaigns developed across the nation at its youth bureau's initiative. At first, Abe had considered focusing on the abduction issue. However, his cabinet's support rate plummeted right before he was out on the street campaign. Eventually, Abe's speech was about the pension issue almost in its entirety.

In the fall of last year, Hiroshige Seko, one of Abe's special advisors, launched a public relations strategy team in the LDP. The team intended to make policy proposals based on its analysis of public opinion, anticipating that young people in their 20s and 30s would hold the key for the LDP to win in this summer's House of Councillors election following the 2005 general election. However, the Abe cabinet's support rate went down. The team meets every Tuesday on the fourth floor of LDP headquarters. However, the team is worried about what is now before its eyes. Satsuki Katayama, 48, chief of the LDP's public relations bureau, is one of the team's members. "The situation is now so chaotic that we cannot look ahead into the future," Katayama says. She added, "I know we have to do something in campaigning for young people's votes, but we don't know what we can do."

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However, the LDP youth bureau's anxiety is growing strong. "Generations affected in the aftermath of the bubble economy's collapse are dissatisfied in some way with things around them," says Koichi Hagiuda, 43, an LDP member seated in the House of Representatives. He added, "Good or bad, their dissatisfaction will get into politics."

(5) Policy watch: Economic policy guidelines should not be regarded as end of debate

SANKEI (Page 1) (slightly abridged)
June 18, 2007

By Heizo Takenaka

At this time every year, attention is focused on the government's annual "big-boned guidelines on economic and fiscal policy." This year, though, people are somewhat less interested in them, their attention turned toward the pension issue that was caused by sloppy record keeping by the Social Insurance Agency. This does not mean that the importance of the guidelines is fading.

When the government launched work to lay out its first economic policy guidelines in 2001, bureaucrats and politicians remained cool to them. However, various advisory councils of government agencies and divisions in the Liberal Democratic Party now issue reports with recommendations and conduct debates in line with the government's annual economic policy guidelines. This reflects that the annual report has taken root as the cabinet office's systemic policy guidelines

However, there could be a harmful side-effect from the establishment of the policy framework, that is to say, we might begin to think it is not necessary to carry out other measures than those included in the policy guidelines. We must be careful so as not to fall into a state of stopping thinking on our own. Since the government has employed ingenuity, the annual guidelines have taken root to this extent.

Some suggest that annual economic policy guidelines should be made the end all of policy debate. To overcome such a backward-looking view, I make the following three suggestions.

The first is that debate on macro-economic management should be hurriedly carried out. The draft guidelines for fiscal 2007 apparently show a lack of discussion on how to manage the macro-economy. It should be the priority duty for the Council on Economic and Fiscal Policy (CEFP) to conduct checks on macroeconomic management.

The GDP statistics released recently set the nation's real economic growth rate in fiscal 2006 at 2.1% and the nominal growth rate at 1.4%.

The government and the ruling coalition have publicly pledged to grow the economy by 2% in nominal terms in fiscal 2006 by overcoming deflation. They have put forth this pledge since fiscal 2003. In its initial economic outlook for fiscal 2006, the government also set the real economic growth rate at 1.9% and the nominal rate at 2.0%. The real growth rate in the GDP statistics is higher than that in the outlook, but Japan failed to conquer deflation. I expressed my view in a CEFP meeting two years ago that it would be impossible to overcome deflation if no additional measures are taken. But the

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cabinet office remained unresponsive, without changing its outlook. One of the private-sector panel members offered this optimistic view: "The Japanese economy may finally emerge from the ongoing deflationary spiral." Bank of Japan (BOJ) Governor Fukui replied: "Japan, in the direction of emerging from deflation, is now at a crucial juncture, so we must take proper measures." But Japan has yet to emerge from deflation.

In recent years, the government has come up with several important numerical targets as its public pledges, attaching deadlines, such as halving the banks' non-performing loans, eliminating the government's deficit in the primary balance, and doubling the number of tourists from overseas. All these have already been implemented or are about to be attained. But Japan has failed to meet only one goal: ending deflation.

The Cabinet Office and the BOJ must clearly explain why the pledge has not been attained on their own responsibility, as well as what measures they plan to take to recover from this failure. The CEFP has yet to discuss this point, although the statistics has already been released. If the panel thinks it impossible to work out measures before it completes the final version of annual economic policy guidelines, the panel should immediately start discussion on macroeconomic management outside the framework of policy guidelines.

The second key point is that the economic policy panel should declare continuing policy debate. Among key policy measures in the fiscal 2007 guidelines, there are some for which satisfactory achievement has yet to be produced due to strong opposition, for instance, an "open-sky policy" I cited in this column when the previous version of policy guidelines was announced. Despite strenuous efforts by the Prime Minister's Office (Kantei), only limited achievements have so far been produced. Reflecting time constraints, it will be impossible to include every proposal in the 2007 guidelines, but such non-attainment measures should not be treated as already settled in the guidelines.

Private-sector panel members should propose continuing such non-attainment reform measures. Such a stance will contribute to improving the CEEP and annual economic policy guidelines.

Third is that the government should demonstrate its eagerness to promote reforms in appointing personnel, in particular, for top posts in government-affiliated institutes. It usually takes long time to carry through one policy and produce results.

However, there is a means for the government to show the public its eagerness for reform quickly and clearly. That is to place the right people in the right jobs. Recently, the Kantei under the lead of Chief Cabinet Secretary Yasuhisa Shiozaki displayed leadership in appointing a private citizen as president of International Airport Corporation, with an eye to its future privatization. The appointment was made over the protest of the Ministry of Land, Infrastructure and Transport, which aimed to reappoint the incumbent who used to be its vice minister.

What is to be noted from such a point of view is who will be picked as presidents of the Development Bank of Japan and Shoko Chukin Bank. The two companies are discussing details about what to do with their business models after privatized. But it is a parody for the appointment process to be carried out under their presidents, because the president of the Development Bank of Japan used to be

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former foreign vice minister, and the president of Shoko Chukin Bank a senior METI official.

Annual economic policy guidelines are extremely important. They should not be treated as the termination of policy debate.

SCHIEFFER